

ORIGINAL

REED SMITH SHAW & McCLAY

1301 K STREET N.W.

SUITE 1100 - EAST TOWER

WASHINGTON, D.C. 20005-3317

202-414-9200

JUDITH ST. LEDGER-ROTY
202-414-9237

FAX 202-414-9299

PITTSBURGH, PA
PHILADELPHIA, PA
HARRISBURG, PA
McLEAN, VA
PRINCETON, NJ
NEW YORK, NY

July 2, 1996

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

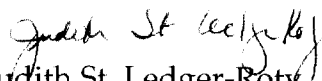
Re: EX PARTE PRESENTATION - In re Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers - CC Docket No. 95-185 and Implementation of the Local Competition Provisions in the Telecommunications Act of 1996 - CC Docket No. 96-98

Dear Mr. Caton:

Today, on behalf of Paging Network, Inc., the undersigned counsel, met with James L. Casserly of Commissioner Ness' office, to discuss issues in the above-referenced dockets and the information contained in the attached presentation.

In accordance with the Commission's rules, 47 C.F.R. §1.1206(a)-(b), we are filing an original and two copies of this notice of *ex parte* presentation. Please direct any questions regarding this filing to the undersigned

Respectfully submitted,


Judith St. Ledger-Roty

JSLR:cpa

Enclosure

cc: James L. Casserly



Paging Network, Inc.

**PAGENET IS THE NATION'S AND THE WORLD'S
LARGEST
MESSAGING CARRIER**

**OVER 4 BILLION CALLS PER YEAR
DOMESTICALLY
7.4 MILLION CUSTOMERS**

Paging Network, Inc.

ONE-WAY MESSAGING SERVICES OFFERED BY PAGING CARRIERS

**Traditional Numeric Paging
Alphanumeric
VoiceNow (“voicemail on
your belt”)
Wireless Fax
Wireless Data
Credit Card Verification**

ONE-WAY MESSAGING SERVICES OFFERED BY OTHER WIRELINE & WIRELESS NETWORKS

**Caller ID
Answering Machines
Voicemail

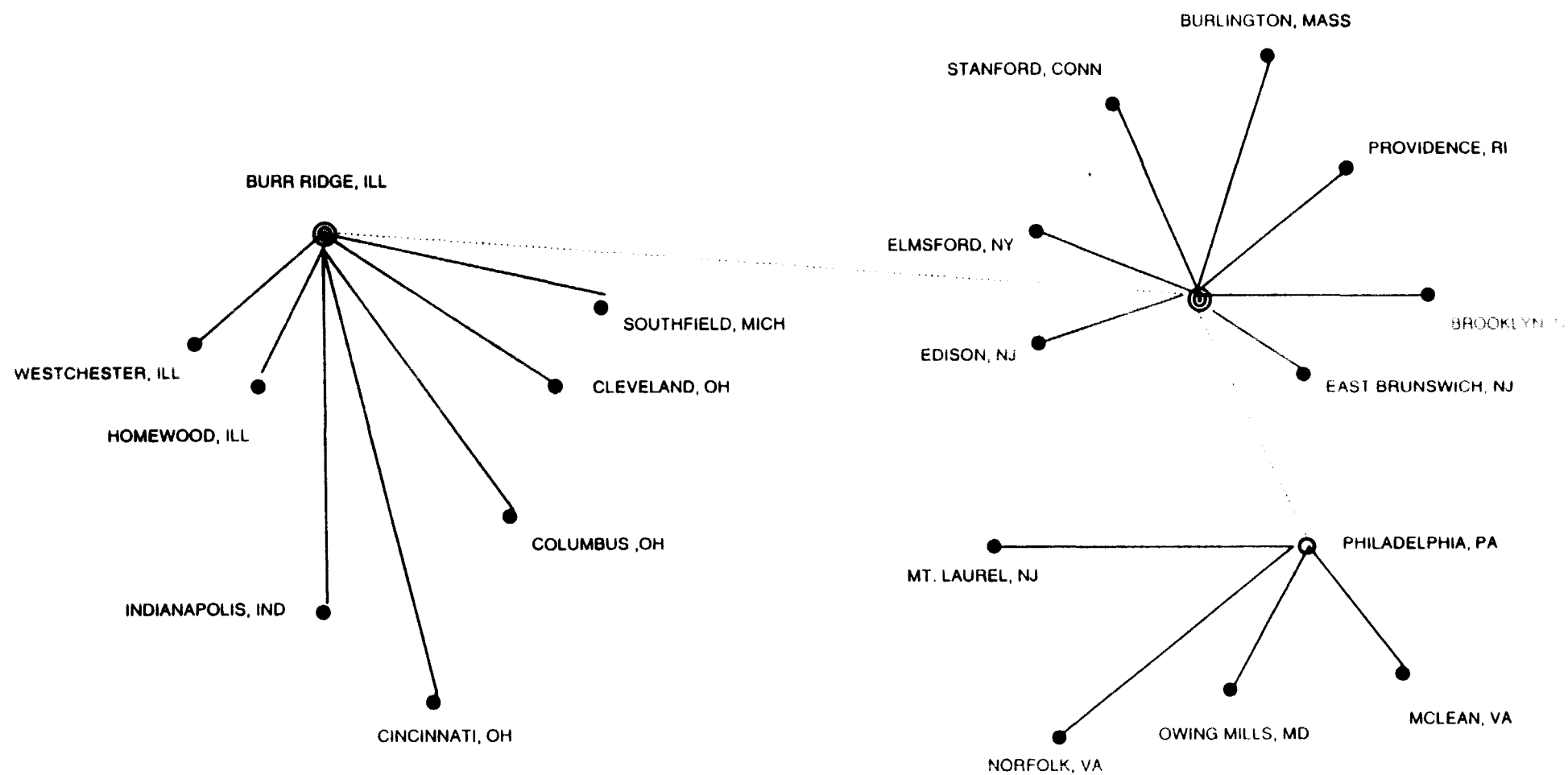
Fax
Data
Credit Card Verification**

**MESSAGING TRAFFIC INCREASINGLY
PREDOMINANTLY INTERSTATE**

- ♦ **900 MHz NATIONWIDE, REGIONAL FREQUENCIES**
- ♦ **900 MHz NARROWBAND FREQUENCIES NATIONWIDE, REGIONAL**
- ♦ **931 MHz COMMON CARRIER FREQUENCIES TO BE AUCTIONED, MOST LIKELY, ON MTA BASIS - SYSTEMS ALREADY REFLECT MTA OR GREATER GEOGRAPHY**

DIAGRAM 1

ILLUSTRATIVE DIAGRAM OF
PAGENET INTERSTATE NETWORK



Paging Network, Inc.

**CRITICAL NEED FOR FCC TO ESTABLISH &
IMPLEMENT INTERCONNECTION AND
COMPENSATION PRINCIPLES FOR MESSAGING TO
CURTAIL SYSTEMIC INTERCONNECTION FLAWS**

CURRENT PROBLEMS

- ♦ **INCONSISTENT AND ARBITRARY TREATMENT AMONG LECs**
- ♦ **MESSAGING CARRIERS TREATED LIKE END USERS, NOT CARRIERS**
- ♦ **TREATMENT INFERIOR TO THAT OF OTHER CARRIERS**

RESULTS

- ♦ **OVERCHARGES TO MESSAGING CARRIERS**
- ♦ **COMPETITIVE DISADVANTAGE FOR MESSAGING-ONLY**

Paging Network, Inc.

**PAGING CARRIERS ARE SUBJECT TO WIDELY
VARYING RECURRING LEC CHARGES**

Per-Block of 100 Telephone LEC End Office Numbers

BellSouth

\$ 0.50/month

PacBell

\$ 0.50/month

US West

\$15.00/month

SNET

\$52.00/month

**THE FCC NEEDS TO CLEARLY REASSERT LONG-STANDING
CO-CARRIER PRINCIPLES PROMOTING COMPETITION
FOR BENEFIT OF CUSTOMERS**

- ♦ **A CARRIER MUST BE PAID FOR THE USE OF
ITS NETWORK**
- ♦ **PAYMENT SHOULD BE BASED ON
DIRECTIONALITY (TERMINATING
COMPENSATION)**
- ♦ **PAYMENT OF COMPENSATION MUST APPLY
TO ALL CARRIERS**

CO-CARRIERS INCLUDE:

- ♦ **LECs**
- ♦ **CLECs**
- ♦ **INDEPENDENTS**
- ♦ **CMRS**
 - **Cellular**
 - **Messaging/Paging**
 - **ESMR**
 - **Other**

**APPLICATION OF POLICY CONSISTENTLY
APPLIED, TRANSLATES INTO:**

- ◆ **Facility Paid For Based On “Proportionate Use”**
- ◆ **There Should Be No Charges To Wireless Carrier For inter-Carrier Trunk Facility Between LEC And MTSO If 100% Of Traffic From LEC To Wireless Carrier**
- ◆ **Example: Bell Atlantic Cellular Tariff Charges Cellular Carrier For Mobile-To-Land But Not Land-To-Mobile**
 - ◇ **Bell Atlantic Refuses To Give PageNet Same Terms**

Paging Network, Inc.

**CHARGES TO MESSAGING CARRIERS FOR
FACILITIES BASED ON OTHER THAN
PROPORTIONATE USE IN EACH DIRECTION
IS AN UNREASONABLE PRACTICE UNDER
SECTION 201 OF THE COMMUNICATIONS ACT**

Paging Network, Inc.

**COMPENSATION TO MESSAGING CARRIERS
FOR TRAFFIC TERMINATED
OVER THEIR NETWORKS**

EXAMPLE:

**NYNEX Offering Compensation To Cellular For Calls
Terminated Over Cellular Career Networks**

**NYNEX Pays CLECs For All Calls Terminated
Over CLEC Network**

**NYNEX Pays Independent LECs For Calls
Terminated Over Their Networks**

**NYNEX Refuses To Pay Messaging Carriers
For Calls Terminated Over Their Networks**

Paging Network, Inc.

**CHARGES BY CMRS CARRIERS TO LECs FOR USE
OF CMRS FACILITIES ARE RATES**

**SECTION 332 PROHIBITS STATES FROM
SETTING THESE RATES**

**(LECs WOULD LIKE TO PRETEND THAT THESE
CHARGES ARE DISCOUNTED OFF LEC
SERVICES)**

**FACT THAT LECs ARE ATTEMPTING TO
DETERMINE INTERCARRIER RATES PAID TO
WIRELESS CARRIERS (COMPENSATION RATES)
POINTS UP GROSS, ONGOING LEVERAGE
IMBALANCE;**

**FCC ARTICULATION OF COMPENSATION
REQUIREMENTS NEEDED TO OFFSET IMBALANCE
IN LEVERAGE**

**FAILURE OF LECs TO PAY MESSAGING CARRIERS
FOR USE OF MESSAGING NETWORK**

- ♦ **UNREASONABLE PRACTICE UNDER SECTION 201(b)**
- ♦ **UNREASONABLY DISCRIMINATORY PRACTICE UNDER SECTION 202(a) TO EXTENT THAT PAY CELLULAR, PCS, CLEC, INDEPENDENTS FOR TRAFFIC THAT TERMINATES OVER THEIR RESPECTIVE NETWORKS**

RECOMMENDED RATE

BASIS

- ♦ **USE PER-CALL RATE BECAUSE PAGING TRAFFIC UNIFORM**
- ♦ **SIMPLICITY**
- ♦ **USE LEC COST AS SURROGATE**
- ♦ **DERIVE FROM ACCESS COST STUDY - AVAILABLE, CONSISTENT**

COST BASIS

- ♦ **SET UP COST** **\$.005/CALL**
- ♦ **DURATION COST** **\$.006/MINUTE**

RESULT

- ♦ **ASSUMING 15-SECOND AVERAGE LENGTH:** **\$.0065/CALL**
- ♦ **ASSUMING 30-SECOND AVERAGE LENGTH:** **\$.0080/CALL**

Paging Network, Inc.

NATIONAL POLICIES

♦ **COMPENSATION**

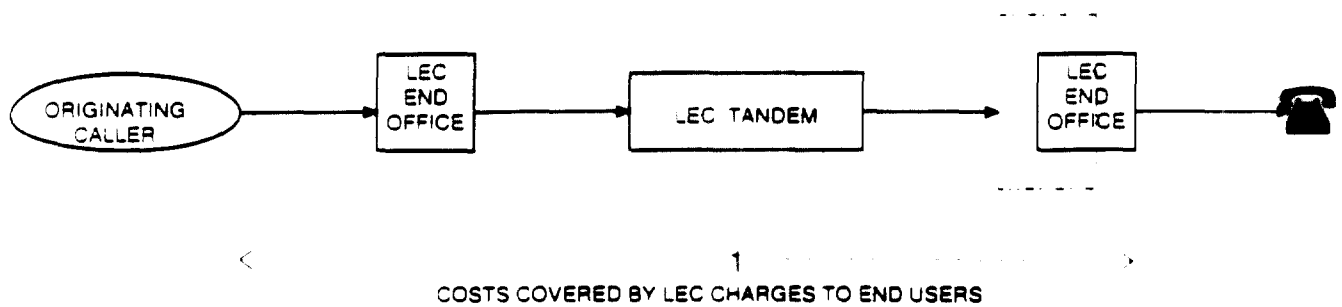
♦ **EFFICIENT CONSISTENCY**

♦ **PRO-COMPETITION**

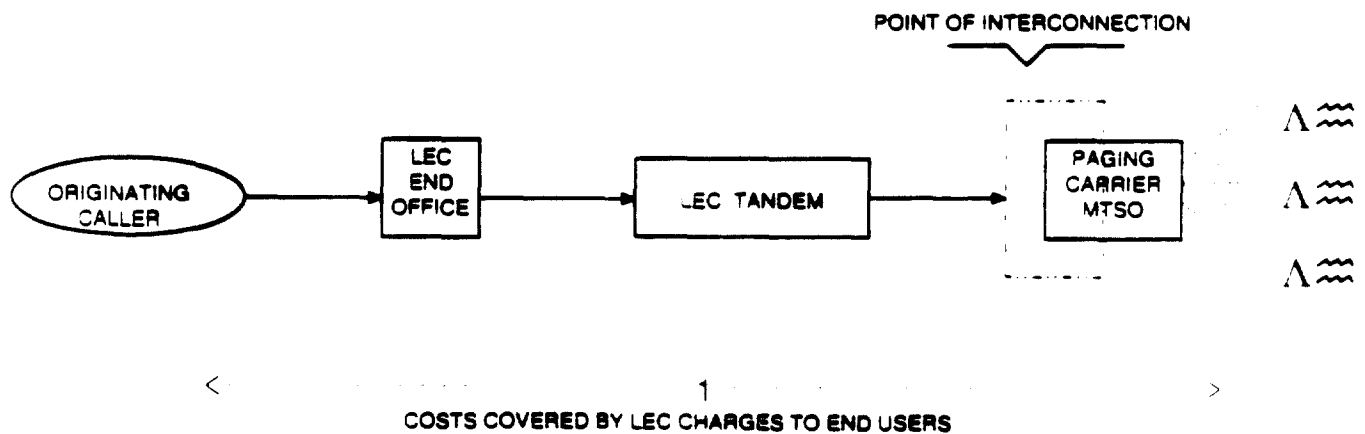
DIAGRAM 1

CALL ROUTING AND COST COVERAGE BY LEC

LEC-PROVIDED TERMINATION -- LOCAL CALL



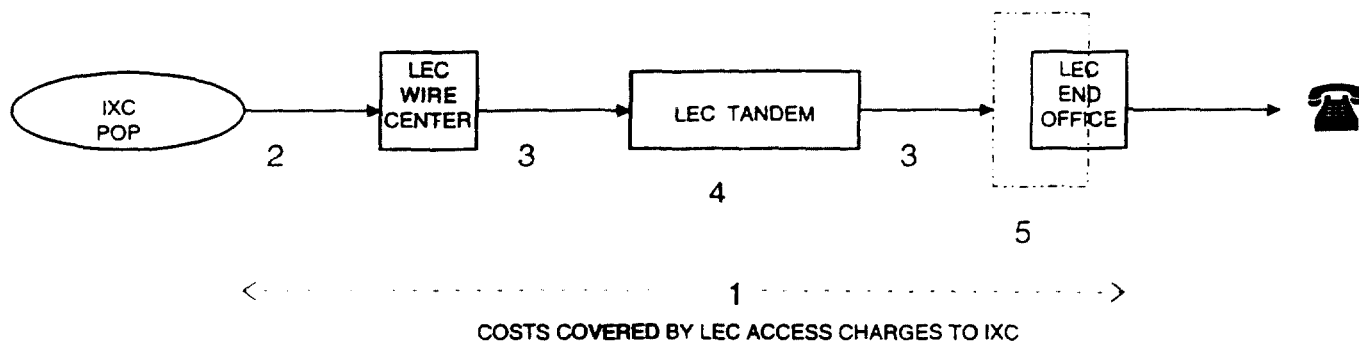
PAGING CARRIER TERMINATION -- LOCAL CALL



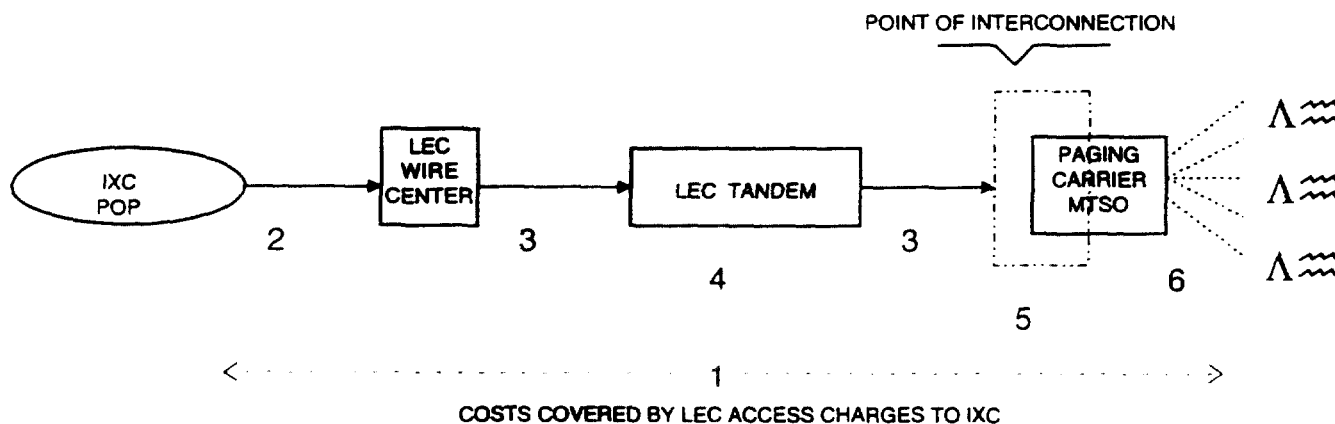
1 = LEC Basic Local Service Flat Rate

CALL ROUTING AND COST COVERAGE BY LEC

LEC-PROVIDED TERMINATION -- LONG DISTANCE CALL



PAGING CARRIER TERMINATION -- LONG DISTANCE CALL



- 2 = LEC Entrance Facility
- 3 = LEC Tandem Switched Transport
- 4 = LEC Tandem Switching
- 5 = LEC Terminating Local Switching
- 6 = Paging Carrier switching and local transport functions and charges

NATIONAL POLICIES

A. COMPENSATION - LOCAL CARRIERS ARE ENTITLED TO COMPENSATION FOR CALLS TERMINATED OVER THEIR NETWORKS.

Application of Policy: Messaging Carriers Are Entitled To Compensation Regardless Of Fact That Messaging Carriers Do Not Terminate Traffic At Present Over LEC Networks.

B. CONSISTENCY - PAYMENT BETWEEN CO-CARRIERS SHOULD BE BASED ON DIRECTIONALITY. IF CARRIER ONLY RECEIVES (TERMINATES) TRAFFIC, IT SHOULD NOT BE REQUIRED TO PAY FOR FACILITY.

Application of Policy: Messaging Carrier Should Not Be Required To Pay For Inter-Carrier Facility Between LEC And MTSO. If Messaging Carrier Uses Facility To Originate As Well, Payment Based On Proportionality Of Directional Use.

NATIONAL POLICIES

**C. COMPENSATION TO CO-CARRIERS SHOULD
PROMOTE DIVERSITY IN COMPETITION**

- ◆ **UNEQUAL TREATMENT HARMS MESSAGING CARRIERS THAT USED
NOT TO OFFER TWO-WAY INTERACTIVE SERVICES**
- ◆ **UNEQUAL TREATMENT WOULD FORCE OTHERWISE UNECONOMIC
RELATIONSHIPS**
 - ◇ **MESSAGING CARRIER RELATIONSHIP w/CLEC**
 - ◇ **MESSAGING CARRIER RELATIONSHIP w/CELLULAR CARRIER**
 - ◇ **MESSAGING CARRIER RELATIONSHIP w/INDIVIDUALS**

**Application of Policy: Require LECs to compensate all wireless
carriers for all traffic terminated on wireless facilities - no
distinction based on one-way nature of traffic**

NATIONAL POLICIES

D. COMPENSATION POLICY RE LECs SHOULD ALSO PROMOTE COMPETITION

- 1. ALL LECs MUST OFFER TRUE END OFFICE INTERCONNECTION AT REASONABLE COST-BASED RATES, WITHOUT SUBSIDIES**
- 2. CHARGES FOR END OFFICE "NUMBERS" MUST BE COST BASED. THERE MUST BE NO LEC CHARGES FOR NXX CODES. (Any charges, assessed fairly to all carriers by third party Administrator).**
- 3. ALL CARRIERS ENTITLED TO ALL SIGNALING ARRANGEMENTS. MESSAGING CARRIERS ARE ENTITLED TO RECEIVE SS7.**

MYTH TO DEBUNK

**ALLEGATION: TRAFFIC MUST FLOW IN BOTH
DIRECTIONS (MUTUALITY OF TRAFFIC) IN
ORDER FOR ENTITLEMENT TO
COMPENSATION (Conn. DPU; SNET)**

**RESPONSE: MESSAGING CARRIER INCURS
COSTS FOR TERMINATING TRAFFIC; THE
FACT THAT IT DOES NOT ORIGINATE
TRAFFIC HAS NO BEARING UPON THE FACT
THAT COSTS ARE INCURRED**

MYTH TO DEBUNK

**ALLEGATION: STATES NEED BROAD JURISDICTION
OVER WIRELESS CARRIERS IN ORDER FOR THOSE
CARRIERS TO BE ENTITLED TO COMPENSATION (Conn.
DPU)**

**RESPONSE: STATE JURISDICTION IRRELEVANT TO
ENTITLEMENT TO COMPENSATION**